

ARTICLE I
NAME AND PLACE OF BUSINESS

SECTION 1. The name of this corporation shall be: Sherwood Lake Club Inc.

SECTION 2. Its principal office shall be located at 6910 SW Fountaintale Road, Topeka.

SECTION 3. Other offices for the transaction of business shall be located at such other places as the Board of Directors may from time to time determine.

ARTICLE II
OBJECTS

The objects and mission of Sherwood Lake Club, Inc., are the following: to own, maintain and preserve Sherwood Lake; to develop, maintain and operate other Lake Club properties for its members; and to facilitate the fellowship and enjoyment of membership in Sherwood Lake Club.

ARTICLE III
MEMBERSHIP

SECTION 1. Only persons who own one share of capital stock of the Club as defined by Article V shall be eligible for voting membership. Either owner of a share issued in joint tenancy, as provided in Article V, Section 2, may vote the entire share and be counted as a full vote; provided, however that if both owners of a share vote each shall be assigned one-half vote. (Rev. 11/99)

SECTION 2. The par value of each share of capital stock is hereby established at \$200. In addition, shareholders of the Lake Club shall be charged a membership fee for such share which shall be established by the Board of Directors in such amounts as they deem proper.

The Board of Directors shall be vested with the authority to regulate and fix membership fees and the price of capital stock, for all shares and shall determine the privileges which shall go with each class of shares; provided, however, that the Board of Directors shall not amend, increase, or decrease membership fee of existing shares, or the price of capital stock of existing shareholders, without amending these By-laws pursuant to the provision of Article V, Section 9.

SECTION 3. The Board of Directors shall make available classes of memberships, as follows:

1. Class A membership, which shall be issued only to persons who own lots conterminous to Lake Sherwood. There shall not be more than 185 Class A memberships.
2. Class B membership, which shall be issued only to persons who own property in Sherwood Estates as defined in Article V, which does not lie conterminous to Lake Sherwood. There shall not be more than 160 Class B memberships.
3. There shall not be more than 330 total memberships. Provided, however, that if the lakefront property consisting of Lots 133, 134, 135, and 136, as defined by the Lake Club, is subdivided into four (4) lots or less and sold by the owner, up to four (4) memberships shall be allowed to accommodate the purchasers of the four possible lots; provide further, that the total number of memberships shall be reduced by attrition to a maximum of 310 memberships.
4. No other or additional classes of membership shall be established, nor shall the number of memberships be increased, without amending these By-laws pursuant to the provision of Article V, Section 9.

SECTION 4. From and after January 1, 2003, a property in Sherwood Estates that is used or intended to be used as a rental property shall not qualify its owner(s) for stock ownership or membership in the Club. PROVIDED HOWEVER, this provision shall not act to deprive any current stockholders and members of their current stock or membership.

ARTICLE IV SWIMMING

The Board of Directors may establish and maintain on Lake Sherwood one or more places for swimming, and one or more marinas to be made available to members and others upon such conditions as it may deem advisable by the Board of Directors.

ARTICLE V GRANTING AND TERMINATION OF MEMBERSHIP

SECTION 1. A candidate for election to membership shall meet all qualifications herein mentioned in these By-laws and shall be elected by ballot by the Board of Directors. He must receive at least a two-third (2/3) majority of the votes of the Board before he shall be declared a member.

A corporation, partnership, or other unincorporated association shall not be eligible for membership.

The Lake Club provides the following exception to the above prohibition on corporate membership in the case of temporary home ownership by Corporate Owners or Relocating Companies dealing with employee transfers or moves. If a member in good standing sells their property to Corporate Owners or Relocation Companies ("Temporary Corporate Owner") as the result of a relocation agreement, the Temporary Corporate Owner may acquire club membership for the purchased property on the following basis:

1. Temporary Corporate Owner must timely pay the Membership Fees and other dues and required payments, consistent with obligations of other shareholder/members under the Rules and By-laws, to secure and maintain the membership for the property.
2. A buyer ("Subsequent Buyer") from Temporary Corporate Owner may purchase a Lake Club membership, but Subsequent Buyer must meet all requirements for membership under the Rules and By-laws.
3. Subsequent Buyer is exempt from paying an additional membership fee if the property is purchased from Temporary Corporate Owner within the exemption period defined below.
4. Temporary Corporate Owner has no right to vote and no right to use the Lake or other Lake Club facilities at any time.
5. Subsequent Buyer, that purchases Temporary Corporate Owner's property and properly applies for membership, is not required to pay a membership fee if its purchase is within two (2) years of Temporary Corporate Owner's purchase of the Property (the "exemption period").
6. Upon sale of the Property, Temporary Corporate Owner is entitled to a refund of stock par value and pro-rated membership dues consistent with the rights of other shareholders/members under the Rules and By-laws.

SECTION 2. The death or bankruptcy of a member, or the transfer or assignment of his capital stock, or any other event which shall terminate his ownership thereof, shall automatically terminate his membership in the Club.

Stock of owners of real estate who are husband and wife shall be issued in joint tenancy unless request is made in writing to the contrary by such owners. Stock of owners of real estates who are not husband and wife shall be issued only to one of such owners.

The holder of a Class A or B membership, who also owns a lot or lots in Sherwood Estates, who sells, transfers, conveys or otherwise disposes of his lot or lots, shall cease to be a member of this Club at such time as the final transfer of title is completed to the next owner of such lots; provided, however, that a purchaser under contract of a lot of an existing member may be considered and accepted for membership in the Club pending final delivery of title under the such purchaser's contract.

A member who sells his membership property may, within ninety (90) days after the sale is completed, transfer his membership to another Sherwood Estates property owned by him, but he shall be obligated to immediately pay any difference in membership fees that exists between the membership classes; and provided further, that a Class A membership may only be transferred to another property qualifying for a Class A membership.

Any current member in good standing who acquires a second property, and which qualifies for Class A membership and who applies for and is approved for a corresponding second membership consistent with the Rules and By-laws, is exempt from paying a membership (joining) fee for a period of eighteen (18) months from the time of conveyance to him of the second property, provided that such member remains otherwise in good standing with the Lake Club during the exemption period. If, at any time during the exemption period, the member sells either of his membership properties and transfers the corresponding share of stock to the Lake Club, he will not be subject to payment of a new membership (joining) fee; except that a Class B member who purchases a property which qualifies for Class A membership, shall pay the difference, if any, upon the sale of his Class B property and transfer of his share

of stock to the Lake Club. In its sole discretion, the Board of Directors may extend the period of exemption for good cause, but in any event not to exceed eighteen (18) additional months. If, at the end of the exemption period, the member still retains two memberships, then any unpaid membership fees shall be due and payable within 30 days. This exemption shall apply to only one property per member at any point in time.

The transferee of a Sherwood Lot shall have the first right to purchase from the club the stock which the transferor sold back to the Club. This right shall exist for a period of thirty (30) days from the date of repurchase of the stock by the Club. However, the transferee shall be obligated for dues from the date of stock repurchase by the Club.

If a devisee, heir, surviving joint tenant (other than surviving spouse) or personal representative of a deceased member's Sherwood lot sells or conveys the property to another person within one year of the member's death, he shall be entitled to a refund of any membership joining fee previously paid by him. For good cause, the Board of Directors may approve a refund where a deceased member's property is conveyed after the one-year period of time.

SECTION 3. The club shall have the right to purchase stock of a transferor, as defined by the preceding section, or of a non-member at any time, by payment to the holder of the par value of this stock.

If the membership of any member is permanently terminated pursuant to V, Section 2, or as a result of violation of Rules and Regulations adopted by the Board of Directors, the Board of Directors shall, upon demand by such terminated member, within eighteen (18) months from such termination, purchase the share of stock of the terminated member at par value.

Stock held by a non-member shall not be entitled to a vote.

SECTION 4. Termination of any membership for any reason shall not affect existing liabilities and obligations of such terminated member.

SECTION 5. Application for membership shall be made in writing on a form prescribed by the Board of Directors. The application shall include, in addition to such other matters as the Board of Directors determine, an undertaking by the applicant to comply with and be bound by the Articles of Incorporation, these By-Laws and amendments thereto, and the policies, rules and regulations at any time adopted by the Club in accordance with these By-Laws. All applications shall be acted upon promptly by the Board of Directors.

Applicants for membership are required to attach to the membership application a recorded deed for the property that entitles them to Lake Club membership.

SECTION 6. Upon recommendation by the Board of Directors, a member may be expelled by a two-third (2/3) majority vote of the entire Board of Directors at any meeting of the Board of Directors for failure to comply with the Articles of Incorporation, By-Laws, or any duly adopted policies, rules or regulations of the Club, provided that ten (10) days written notice shall have been given to such member setting forth the intention to propose his expulsion, the specific reason therefor, and the right of the member to appear and be heard in person or by counsel at the meeting at which such expulsion shall be proposed.

SECTION 7. Members shall not be liable for any debts or obligations of the Lake Club however, members shall be liable for such assessments as may be approved by a two-thirds vote of the Board of Directors. Such assessments may be made for expenditures the Board of Directors determines, in its sole discretion, cannot reasonably be paid from the normal operating funds of the Lake Club, and may include costs of (1) liability property and casualty insurance, (2) capital improvements, and (3) repair and maintenance projects for the repair, improvement and protection of the dam, beach area, marina area, clubhouse, shoreline and removal of sediment. Assessments shall be allocated among the members in a fair and equitable basis as determined in the sole and absolute discretion of the Board of Directors. Requirement of such assessment must be researched to determine the most cost effective measure for regulatory compliance, issue remedy and funding options. Any obligation resulting in an assessment greater than a total of \$500 annually must require an approval of two-thirds (2/3) of the voting membership. Board of Directors shall determine the due date for the payment of each assessment. Such due date shall not be sooner than sixty (60) days after notice to members by regular or electronic mail or such other means as is reasonably calculated to give notice. The Board of Directors may schedule the partial payment of each assessment in quarterly installments.

Additionally, during the 3 year time period of 2020 – 2022, B-Member annual assessment cannot exceed \$300 per year.

SECTION 8. The members shall have the right and responsibility to:

1. Elect the directors.
2. By a two-third (2/3) membership vote under the provision of Article V, Section 9, remove from office any director or holder of office for good and sufficient cause.
3. Hear and pass upon reports of the Board of Directors, officers and committees.
4. By a two-third (2/3) membership vote under the provision of Article V, Section 9, modify or veto any decision or recommendation of the Board of Directors.
5. Act as final arbitrator in any dispute which may arise between the directors, officers or individual members.
6. Amend the By-Laws, subject to the limitations and notice provisions set forth herein.

SECTION 9.

1. Before the amendment or repeal of any By-Law requiring approval of at least two-thirds (2/3) of all shareholders who cast a vote, the following requirements must be fulfilled:

(a) At least ninety (90) days before the proposed amendment or repeal is voted upon, the Board of Directors shall send written notice to every shareholder, which shall set forth in detail the proposed alteration, amendment, repeal, or new By-laws, and giving the time and place for vote thereon.

(b) A full page notice must be given to the membership in the two (2) regular, consecutive issues of the Sherwood Scene (published at least 60 days apart), setting forth in detail the proposed amendment, repeal, or new By-Laws, and giving the time and place for vote thereon. After the second publication of notice, the proposal must be included on the agenda of the next regular Board of Directors meeting. The proposed amendment or repeal shall then be voted upon at a regular or special stockholders meeting to be held not earlier than 30 days nor later than 90 days following the aforesaid Board of Directors meeting.

(c) Proxies, to be valid, must be on a form prescribed and distributed by the Board of Directors. Such notice shall include a place to vote "yes" or "no". Proxies shall not be distributed before the second publication of the Notice as provided by sub-paragraph (b).

(d) The procedural and notice requirements in this paragraph shall not be altered, amended or repealed without the approval of at least two-thirds (2/3) of the membership who vote as provided herein.

2. Each share shall be entitled to one vote upon any matter voted upon by the membership.

A shareholder entitled to vote in a meeting may assign his/her proxy to a specific shareholder entitled to vote at such meeting and may also name an alternate. In advance of voting, proxies shall be submitted to the secretary for an annual or special meeting, and a credentials committee may be appointed to determine the validity of proxies; they shall be submitted to the secretary for a meeting of the Directors; and to the Chairman for a meeting of any committees. Proxies and in-person ballots shall be voted noncumulatively.

SECTION 10. Whenever used herein, "Sherwood Estates" is defined to be all land lying within the following described boundaries to-wit:

The Southwest Quarter of the Southeast Quarter of Section 17, the southwest Quarter of Section 17, the South 215 Feet of the North half of Section 18, the South half of Section 18, the North half of Section 19, the Northwest Quarter of Section 20 in all Township 12 South, Range 15 East of the 6th P.M., also the Northeast Quarter of Section 13, the East 100 acres of the Southeast Quarter of Section 13, all in Township 12 South, Range 14 East of the 6th P.M., in Shawnee County, Kansas.

SECTION 11. The Board of Directors shall maintain a Class A membership waiting list and a Class B membership waiting list of qualified persons who desire membership but for whom memberships are unavailable because of the limitations in Article III, Section 3.

To be placed on either waiting list, a qualified property owner (as defined in Article III, Section 3) must submit a written request to the Board of Directors, which shall include, in addition to such other information as the Directors may require, the name(s) of the property owner(s), street address of the Sherwood Estates lot, mailing address (if different) and telephone number. The owner shall then be provided a written receipt and be placed at the end of the applicable waiting list. No such owner shall be allowed to sell, transfer or otherwise assign a position on either of said waiting lists.

Available memberships shall first be offered to qualified persons on the Class A membership waiting list. If any other owner is extended an opportunity to apply for membership in the Club and declines the offer or otherwise fails to meet all qualifications for membership as set forth in these By-laws, the owner shall no longer be qualified for membership in the Lake Club for the subject property. The non-qualifying status shall apply to the property as long as it is owned by the individual who declined membership.

SECTION 12. Lots eligible for Class A membership have been recorded on a map located in the Sherwood Lake Club office. All lots eligible for Class A membership are noted in Article V, Section 13. Sherwood Lake Club desires full subscription of all Class A lots. Therefore, when a Class A membership property is sold the new owner shall be encouraged to join the Sherwood Lake Club under terms and conditions as described in the By-laws.

There is no irrevocable right to purchase a Class A membership attached to property eligible for such a membership. The purchaser of a Class A membership eligible property shall have the right to apply for membership for thirty (30) days from the date of closing of the purchase of said property. Thirty (30) days after the date of closing of the purchase of said property, the right to apply for Class A membership expires and the owner shall have no right to apply for membership in the Sherwood Lake Club for the duration of his ownership of that property unless granted an exception by the Board of

Directors. The Board of Directors shall determine in its sole discretion the eligibility of future owners of said property for Class A membership. Subsequent owners of said property who are deemed eligible for Class A membership shall be charged a surcharge as determined by the Board of Directors in addition to the usual joining fees. The owner who has refused the Class A membership shall not advertise his property as having a lake membership available at the time of sale to a new owner.

The non-member owner of Class A membership eligible property may bring his property current with respect to Class A membership prior to its sale by paying the joining fee in effect at the time of the anticipated sale or offering "for sale" of said property plus an amount equal to the accumulated dues in effect as if the property had been granted a Class A membership at the time of his original purchase plus interest of ten percent (10%) per annum of the total of the joining fee and accumulated dues plus all applicable taxes and financial obligations to the Sherwood Lake Club. If the non-member owner chooses not to make the property current prior to the sale of said property, the new owner may be offered in the sole discretion of the Board of Directors the opportunity to purchase a Class A membership on said property. The cost of this membership would be two times the joining fee in effect at the time of closing of the real estate purchase plus the accumulated fees in effect as if the property had been granted a Class A membership at the time of the purchase by the most recent prior owner, the non-member seller, plus interest of ten percent (10%) per annum of the total of **one** joining fee plus accumulated dues plus all applicable taxes and financial obligations to the Sherwood Lake Club.

Any non-member Class A property eligible owner who has declined membership or failed to apply for membership within thirty (30) days of closing of the purchase of said property is further barred from the use of Sherwood Lake and any Sherwood Lake Club facilities for the duration of his ownership. All lakefront structures on the said property that lie at or below 1000 feet of elevation above sea level (the extent of property owner riparian rights) are to be removed by the non-member Class A membership eligible owner. This removal must occur within thirty (30) days of his receipt of notification by the Board of Directors mandating removal. Structures not removed by the non-member Class A membership eligible owner may be removed by the Sherwood Lake Club and a lien placed against the property for the costs of removal. These structures in question include but are not limited to swimming pools, decks, gazebos, storage sheds, docks, boatlifts, and boats. Failure to comply with the order directing removal will result in legal action by the Board of Directors.

For extenuating circumstances and for good cause, the Board of Directors may in its sole discretion modify the provisions of this section. At no time, however, may the Board adopt a charge more than the maximum joining fees, accumulated dues, ten percent (10%) interest per annum on the sum of joining fees and accumulated dues (as previously described), applicable taxes, and financial obligations to the Sherwood Lake Club as outlined in this section. Further, at no time will the purchaser of a Class A membership eligible property be given less than thirty (30) days from the date of real estate closing to decline the offer of membership.

SECTION 13. The following lots are eligible for Class A membership:

The properties established as eligible for Class A membership lots by the Board of Directors in 1979 include lots 1 through 180 as shown on the Lake Sherwood map in the clubhouse office.

ARTICLE VI
DIRECTORS

SECTION 1. The Board of Directors shall consist of nine (9) members, to be elected from Class A members and B members, for a term of three (3) years.

SECTION 2. Each of the nine (9) Directors elected from Class A and B members shall be entitled to one vote each. Five (5) votes shall be necessary to constitute a majority. A Director may assign his proxy to another member of

the Board of Directors for any matter to be voted upon.

SECTION 3. As the present terms of Directors expire, three (3) Directors shall be elected from said Class A and B members, each year, by the membership at the Annual Meeting.

SECTION 4. It is considered of great importance that all Board of Director members attend and participate in the regular monthly Board meetings. A Board member who has missed two (2) consecutive regular monthly Board meetings shall be notified by the Secretary that he or she has missed two (2) consecutive meetings and invited to provide an explanation. A Board member who has missed three (3) consecutive regular monthly Board meetings may be removed from the Board by a majority vote of the other members of the Board unless one or more absences are excused in advance by the President for a valid business or personal reason.

SECTION 5. Vacancies on the Board of Directors shall be filled for the unexpired term by the remaining directors at any regular or special directors' meeting.

SECTION 6. The Board of Directors shall appoint a selection committee of nine (9) members consisting of three (3) non-retiring board members, and six (6) members at large. This committee shall meet at least ninety (90) days prior to the Annual Meeting of the stockholders and shall nominate at least three (3) candidates to be elected at the meeting. The nominations shall be published in the Notice of Annual Meeting. Additional nominations may be made from the floor.

ARTICLE VII OFFICERS, COMMITTEES, LAKE DIRECTOR AND ASSISTANT LAKE DIRECTORS

SECTION 1. At the first meeting of the Board of Directors after each Annual Meeting, the Directors shall elect from among their number a President and Vice-President, a Secretary and Treasurer (who may, at the discretion of the Board, be one and the same person), to serve for the ensuing year.

They shall also appoint from the members of the Club the necessary committees to serve for the ensuing year and may employ a Director of the Lake and such Assistant Directors as shall be deemed necessary and advisable, who shall be under the direction of the President. The Director of the Lake shall, if required by the Board of Directors, furnish bond in an amount approved by the Board of Directors, and the premium shall be paid by the Club.

SECTION 2. Directors' and officers' liability insurance shall be provided for the Directors and officers of the Club. The premiums for such insurance shall be paid by the Club.

ARTICLE VIII DIRECTORS' MEETING

The Board of Directors shall hold meetings monthly on the fourth Monday of each month. If any of said days is a legal holiday, the next succeeding Monday shall be the regular meeting day.

Special meeting of the Board may be called at any time by the President, or by four (4) members of the Board.

A majority of the Board of Directors shall be personally present to constitute a quorum and be competent to transact all business of the corporation.

A meeting of the Directors shall be called and held for the purpose of electing officers as soon after the election of Directors as possible.

ARTICLE IX PRESIDING OFFICER

It shall be the duty of the President to preside at all stockholders' and directors' meetings, and to perform such other duties as may be imposed upon him by the By-Laws or by the Board of Directors. It shall be the duty of the Vice-President to act in place of the President during the absence of that officer.

ARTICLE X **ANNUAL MEETING**

The regular meeting of the stockholders and shall be held on the fourth Tuesday in January of each year.

Voting at the meeting may be in person or by written proxy, as set forth in this Article and in Article V, Section 9.2, including voting for Board of Directors positions shall be by noncumulative voting.

The provisions set forth in Article X, in the above paragraph may only be amended, altered or repealed by a two third (2/3) shareholder who vote in favor of the change.

The holders of the outstanding stock, present or represented by proxy, shall constitute a quorum.

The place and hour at which the meeting shall be held may be fixed by the Board of Directors and must be specified in the notice of the Annual Meeting.

The Directors elected at any Annual Meeting shall hold their office for three (3) years and until their successors are duly elected and qualified.

If, for any reason, the Annual Meeting is not held at the time fixed by the By-laws, the Directors then in office shall call another meeting for the election of the Directors and give notice of the time and place for the Annual Meeting by electronically communication to the stockholders and posting such notice on the website of the Lake Club.

Notice of regular stockholders' meeting shall be given by mailing notice to each stockholder at least ten (10) days before such meeting.

The directors shall call a special meeting of the Board of Directors, immediately following the annual meeting with no notice required for the purpose of electing officers.

ARTICLE XI **SPECIAL MEETINGS**

Special meetings of the stockholders shall be called by the President upon the written request of fifteen (15) stockholders, or by the President, or by four (4) Directors, at any time by giving due notice thereof, but only such business shall be transacted at such special meeting as is mentioned in the notice thereof.

Notice may be given either by mailing the same to each stockholder or by publication once in some daily paper of general circulation in the City of Topeka. Such notice shall be mailed or published at least five (5) days before such meeting.

ARTICLE XII **DUTIES OF THE SECRETARY**

The Secretary shall keep a record of the meetings of the stockholders and directors, issue notices of meetings and elections, and be the custodian of all books and records of the Club. All notices of both stockholders' and directors' meetings shall specify the time and place where the same will be held.

ARTICLE XIII **DUTIES OF THE TREASURER**

The Treasurer shall collect all dues, assessments, fines, and other amounts due the Club, keeping an exact account of the same.

The Treasurer shall keep a record of all accounts and expenses of the Club, and make a full and complete report of money received and the amount disbursed, and the balance on hand; and it shall be his duty to report to the Board of Directors all delinquencies on the part of the members of the association.

His books shall be at all times open to the inspection of the Board of Directors, or any member thereof.

All Club funds shall be deposited by the Treasurer in the name of Sherwood Lake Club, Inc., in some bank or savings and loan association designated by the Board of Directors.

No money shall be paid out by the Treasurer without the prior approval of the Board of Directors for expenditures exceeding \$1,000.00.

The Treasurer, when called upon by the Board of Directors, shall give a surety bond to be approved by the Board, in such amount as the Board shall designate. The premiums shall be paid by the Club.

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ARTICLE XIV POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1. The Directors shall have general charge of the affairs, funds, and property of the Club. They shall have the power to purchase, sell, or mortgage property, real or personal. It shall be their duty to carry out the objects and purposes thereof, and to this end they may exercise all powers of the Club, subject to the By-Laws and to such action as the Club may take at regular or special meetings thereof.

SECTION 2. The Directors shall control the expenses of the Club and make rules for the custody and government of the lake, boating, water skiing, and fishing, and all property and equipment of the Club.

They shall investigate any violation of the By-Laws or Rules and Regulations of the Club, and may punish by fine, reprimand, suspension of membership privileges, or expulsion, any member found guilty of infraction of the By-Laws or Rules and Regulations of the Club, or of conduct unbecoming a member. A two-thirds (2/3) vote of the entire Board shall be necessary for the expulsion of any member, but no member shall be expelled until after he has been given a reasonable opportunity to be heard in his defense.

In all other matters, except membership and amendments to By-Laws, the majority of the Board shall govern.

SECTION 3. The Directors shall have the power to create and appoint committees and prescribe their duties in connection with the business and affairs of the Club. The Directors shall have the power to supervise, alter, or nullify the work of any committee.

SECTION 4. The Directors shall cause to be prepared annually a detailed statement of the financial condition of the Club, showing its receipts and expenditures for the current year, the number of its members, and other matters of general interest to the Club, which statement shall be submitted at the regular meeting of the members.

SECTION 5. The Board of Directors shall from time to time make rules and regulations on matters not herein determined.

SECTION 6. The Board of Directors shall have the power to prohibit any game, sport, or activities of any nature, which they may consider prejudicial to the good order and interest of the Club.

ARTICLE XV ISSUANCE OF CAPITAL STOCK

Certificates of stock shall not be issued until subscriptions are fully paid up. Each certificate of stock shall have plainly printed on the face thereof:

"No transfer of this stock can be made except in accordance with the By-Laws of the Club. Dues and other indebtedness are a lien on the stock and no transfer can be made while the holder is indebted to the Club. Neither does a transfer confer upon the transferee any privileges of the Club except as provided in the By-

Laws. This stock certificate is subject to repurchase by the company at par value pursuant to the By-Laws of the Club. This stock certificate carries with it no right to vote unless owned by a member of the Club."

ARTICLE XVI **OWNERSHIP, TRANSFER, FORFEITURE OF CAPITAL STOCK**

SECTION 1. The capital stock of Sherwood Lake Club, Inc. shall be issued by the Club only to the person who shall be elected to membership of the Club.

No transfer of stock to a person not a member of the Club, either as a subscriber of the stock previous to incorporation or by election to membership subsequent thereto as herein provided, or made in any other manner than as herein provided, shall be recognized by the Club, or its officers, as entitling the transfer to any membership privileges of the Club, and will not be allowed any of the membership privileges of the Club.

SECTION 2. Any member of the Club who shall lose his membership therein through failure to pay his dues or other indebtedness, or by expulsion for other cause, shall be subject to have his stock therein held by him repurchased by the Club pursuant to the provision set out above, and shall forfeit all his interest in the property and assets of the Club.

SECTION 3. The ownership of stock in said Club shall not entitle the holder thereof to any of the privileges of the Club, the Sherwood Lake, or any property or equipment of the Club, or the right to vote, unless such holder shall be duly elected as a member of said Club, as provided in these By-Laws.

ARTICLE XVII DUES

SECTION 1. The annual dues for members of the Club shall be established by the Board of Directors. The Board of Directors may impose a monthly penalty charge for nonpayment of dues or other accounts owed by members of the Club.

The Board of Directors shall at no time establish membership dues in excess of \$950.00 per year for A class members and shall at no time establish membership dues in excess of \$400.00 per year for B class members without the approval of at least two-thirds (2/3) of the membership who vote under provisions of Article V. Section 9. An amount of \$100 included in the above dues from each member shall be accounted for by the Lake Club in a separate accounting fund, and shall be used solely for the care and maintenance of Lake Sherwood.

Any member who is delinquent in payment of dues and/or assessments shall immediately become ineligible to use any facilities of the Sherwood Lake Club, Inc., and such ineligibility shall continue until such dues and/or assessments are brought current, including all penalties.

SECTION 2. Dues and other indebtedness are a lien on the stock and no transfer can be made while the holder is indebted to the Club.

The Directors shall have the power to forfeit membership of any member who shall neglect to pay dues or other indebtedness within forty (40) days after the same became due. Fifteen (15) days notice in writing by mail or personal delivery shall be given before a forfeiture is declared by the Board of Directors.

ARTICLE XVIII **FINANCIAL STATEMENTS**

SECTION 1. At each year-end, the Treasurer shall prepare financial statements in accordance with Generally Accepted Accounting Principles. Financial statements presented at the Annual Stockholders' Meeting shall be in compliance with Generally Accepted Accounting Principles.

SECTION 2. The books of the Club shall be maintained with several funds designated for specific purposes.

1. The Operating Fund shall be credited with all current operating income and be obligated for all current operating expenses. The fund balance of the Operating Fund may not be reduced to less than zero without approval of the Board of Directors.
2. The Property, Equipment, and Maintenance Fund shall be credited with all joining fees and shall provide major maintenance and capital expenditure funding for non-lake facilities. The Board of Directors, at its discretion, may

also use this Fund for maintenance of Lake Sherwood.

3. The Lake Management Fund is to provide funding for the Lake Management Plan and related lake maintenance activities. Expenditures from the Lake Management Fund shall be limited to water quality activities such as dredging, sediment entrapment construction and maintenance, and payments to landowners to assist in sediment control. Also included are legal and consulting fees incurred to: compel developers and landowners to comply with water quality regulations; influence water quality regulatory activities; provide educational programs for residents in the Lake Sherwood watershed. Specifically excluded from the Lake Management Fund are docks, patrol boats, beach, marina, or any fixture or activity which does not directly effect water quality, the dam, or the fishery.

Membership dues, as designated in Article XVII of the by-laws, shall provide funding for the Lake Management Fund. Additional funds for the Lake Management Fund may be transferred from the Property, Equipment & Maintenance Fund as needed, and at the discretion of the Board of Directors

Investments and other assets of the funds may be co-mingled, with investment gains and losses allocated to each fund based on monthly balances. For the purpose of allocating investment gains and losses, it shall be assumed that Operating Fund investments are the most liquid. Cash and investments of the two funds may be co-mingled.

Investment income shall be allocated to each fund, based on monthly balances. For the purpose of allocating investment income, it shall be assumed that Operating Fund investments are the most liquid.

ARTICLE XIX SALE OF LAKE CLUB REAL ESTATE

SECTION 1. The Lake Club, or its agents and representatives, may not enter into a present or future transaction, nor agree to a present or future transaction, for the sale of Lake Club real estate without first providing notice to the membership in a regular issue of the Sherwood Scene at least 30 days prior to any such transaction or agreement. Furthermore, the Board of Directors must meet at least seven days before the proposed transaction or agreement can be completed, but no less than 15 days following notice in the Sherwood Scene, and must include the proposed transaction or agreement on the agenda for discussion. Notice of the Board meeting shall be included with the notice of the proposed transaction or agreement.

SECTION 2. *This Article may not be changed by the Board of Directors without first providing notice in the Sherwood Scene at least 30 days in advance of voting on the proposed change. Such notice shall specify the proposed change to this Article, and include the date, time, and location scheduled for the Board to vote on the proposal.*

ARTICLE XX AMENDMENTS TO BY-LAWS

These By-laws, except the provisions set forth in Article III, Section 2; Article III, Section 3, paragraph 4; Article V, Sections 8 and 9; Article XVII, Section 1; and Article XIX; may be altered, amended, or repealed, and new By-laws may be adopted, by a two-thirds (2/3) vote of the entire Board of Directors at any regular meeting or at any special meeting of the Board of Directors at which a quorum is present, if at least ten (10) days written notice is given of such intention to alter, amend, or repeal, or to adopt new By-laws, at such meeting, provided that such notice set forth in detail the alteration, amendment, repeal, or new By-laws to be acted upon.

The provisions set forth in ARTICLE XX above may only be amended, altered or repealed by at least two third (2/3) shareholder who vote in favor of the change.